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BUREAU OF CUSTOMS  
INVESTIGATIVE UNIT  
TREASURY ATTACHE  
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DEPARTMENT  
COPY

SHANGHAI, CHINA

January 13, 1937.

Commissioner of Customs,  
(Investigative Unit),  
Treasury Department,  
Washington, D. C.

Sir:

There are enclosed for the information of the Bureau  
and other interested Departments copies of a report entitled:  
"Japanese Drug Smuggling Organs in Tungsien and Peiping."

Respectfully,

*M. C. Nichols*  
Treasury Attache

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Enc.

Shanghai, January 11, 1937.

JAPANESE DRUG SMUGGLING ORGANS IN TUNGHSIEN  
AND PEIPING

Prior to the establishment of the puppet government of East Hopei, narcotic drugs were mostly transported to Peiping from Tientsin. At present, Tunghsien (通縣) is another source of the narcotic drugs consumed in Peiping. Both the Itagaki Company (伊達公司) in Changchun (長春) and the Daimon Company (大満公司) in Changchun (長春) have their branches opened in the city of Tunghsien. The branch of the former company is located at Chengwangtashou Street (成王塔手街) while that of the latter is in the Haian Government Street (海安政府街). The drugs produced in the morphine manufactories of these two companies are now on sale in their branches.

The Japanese and Korean ronins residing in the Yang Jo Hutang (楊角胡同) and Chuan Pan Hutang (船板胡同) of East City, Peiping are all drug traffickers. In the past, they sold drugs in the regions between Peiping and Tientsin. But the establishment of the branches of the Itagaki and Daimon companies has induced them to come to Tunghsien.

Because of being frequently disclosed by the Peiping government authorities, the Japanese and Korean ronins have at last organized a drug smuggling organ and solicited protection from the officials of the Japanese garrison troops in North China. When the Japanese troops in Tunghsien were summoned to Peiping, large quantities of drugs were brought by them in order to avoid search by Chinese police. A reward of 30% of the profit on the drugs was granted to the troops by the ronins after the drugs were transported to Peiping.

The said organ was inaugurated in Peiping and Tunghsien during September 1936. The organ in Peiping called "Tung Ye Branch Club" (東亞俱樂部) was located in a building of the Japanese barracks

in the Legation Quarter (东交民巷), while that in Tientsin called "Yung Ya Club" (东亚俱乐部) was located in Ma Chia Hutung (马家胡同). The members of the clubs are no other than the Japanese and Korean drug smugglers. A membership fee of five dollars per month is payable by every member. A sum of 5% of the profit made from the illicit trade is collected as club funds. Mr. Hirata Teske (平田铁雄) and Mr. Hayakawa Kotaro (早川五太郎) are the managers of the said organs in Tientsin and Peiping respectively.